

## **DEPARTMENTAL BUDGET INFORMATION CIVIC CENTER (14)**

### **MISSION**

The mission of the Civic Center Department is to provide and promote world class facilities and services for conventions, trade shows, banquets, special events, cultural events and major public and sporting events.

### **DESCRIPTION**

The Civic Center Department strives to fuel the demand for hospitality-related businesses and foster future economic development by providing a safe, attractive, customer-friendly convention center complex.

Cobo Center is host to 7,000+ events per year. Cobo Center accomplishes this feat in a complex that boasts 700,000 square feet of exhibit space, five (5) exhibit halls, 84 meeting rooms, four (4) banquet facilities and contains 2.4 million total square feet of space to be managed.

### **CORE SERVICES**

The Civic Center Department supports the neighborhoods by providing countless jobs to residents through various events held at Civic Center venues, i.e., Joe Louis Arena, Cobo Arena and Cobo Center. The variety of events also provides educational, cultural, and recreational activities for neighborhood residents. The events held at the Civic Center have an estimated \$1 billion to \$1.2 billion annual economic impact. This huge impact improves the City's tax revenue through income tax collection, property tax collection, sales tax and revenue sharing. Publicity and media coverage surrounding the events held at the Civic Center sends a strong message worldwide that Detroit is a vibrant city for commerce, culture, and entertainment. These positive messages

assist the City's efforts in attracting new business to locate in the City, increasing the City's tax base and employment opportunity for City residents.

### **MAJOR INITIATIVES**

In order to address structural concerns, \$1.6 million from the sale of G.O. Bonds have been included to make capital improvements including repairs to Cobo Center's roof/parapet.

### **PLANNING FOR THE FUTURE**

While Cobo Center has developed a three-phase expansion format plan for the future, currently there is no funding mechanism to address this expansion. Detroit Metro Convention and Visitors Bureau (DMCVB) is currently funding a feasibility study, along with information from Cobo Center, to determine the viability of an expansion along with the appropriate characteristic components. It should be noted that any expansion would require both funding for construction as well as permanent funding for future capital improvement.

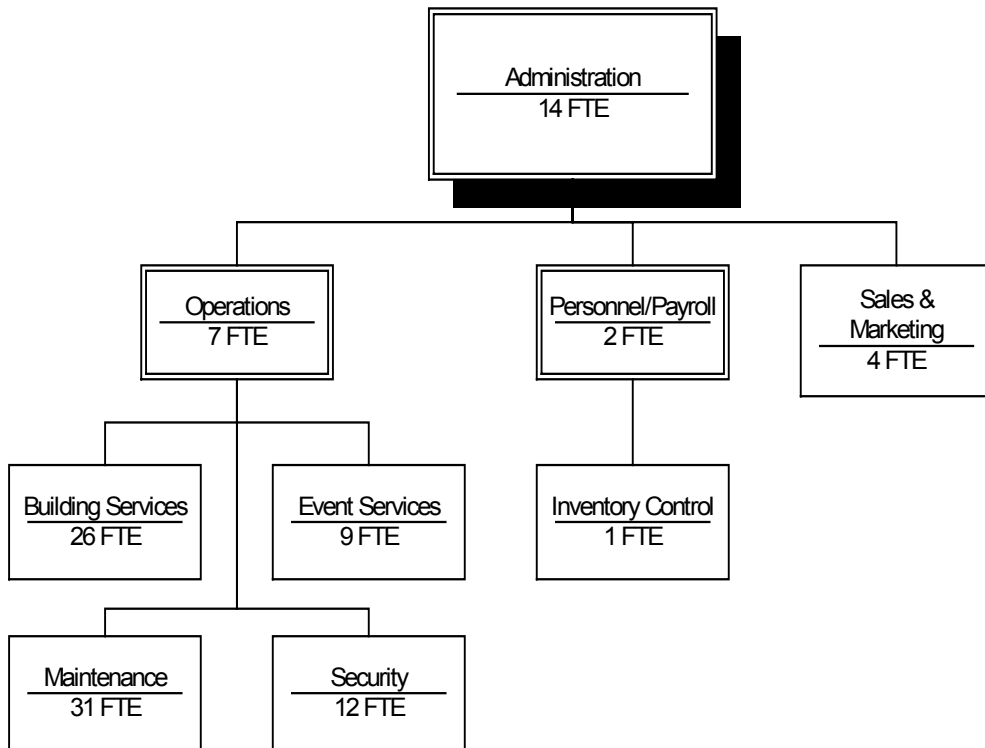
The core of the Cobo Center facility is now approaching 40 years of age. Maintenance and capital improvements are the two (2) most critical funding issues for the future. The Cobo Center Hotel Tax portion devoted to capital expenditure is now at its lowest point and declining annually. Within seven (7) years, this fund will be completely non-existent due to the pay-down of the expansion bonds. The primary plan for the future is to secure long-range permanent funding for maintenance (both preventive and repair) and capital improvements.

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The Department struggles to retain staff due to competition from outside forces, most notably, the three (3) casinos that can afford to attract our employees with higher salaries and increased benefit packages.

Exploration and securing of permanent and additional sources of revenues for Cobo Center continues. Aid is needed in securing new and additional hotel rooms. Concern is

paramount for anticipating future repairs to the Lodge Freeway Bridge in front of Cobo Center. Concern is both for logistics for events as well as possible lost revenue during the inconvenience of construction.



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**PERFORMANCE GOALS, MEASURES AND TARGETS**

<b>Goals: Measures</b>	<b>1999-00 Actual</b>	<b>2000-01 Projection</b>	<b>2001-02 Target</b>
Increase booking and event-generated revenue through proactive initiatives:			
Number of bookings	650	642	700
New bookings	239	215	250
Number of trade shows and conventions	44	53	55
Detroit hotel occupancy rate	76%	76%	80%

**EXPENDITURES**

	1999-00 Actual Expense	2000-01 Redbook	2001-02 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 4,173,630	\$ 4,472,809	\$ 4,308,410	\$ (164,399)	-4%
Employee Benefits	2,422,117	2,141,514	2,169,523	28,009	1%
Prof/Contractual	3,279,254	4,000,300	4,055,300	55,000	1%
Operating Supplies	4,384,247	3,928,830	3,906,120	(22,710)	-1%
Operating Services	7,686,488	5,764,326	5,641,352	(122,974)	-2%
Capital Equipment	1,212	-	-	-	-100%
Capital Outlays	11,704,187	1,250,000	3,300,000	2,050,000	164%
Fixed Charges	2,063,937	2,063,939	2,063,939	-	0%
Other Expenses	397,844	344,175	357,225	13,050	4%
<b>TOTAL</b>	<b>\$ 36,112,916</b>	<b>\$ 23,965,893</b>	<b>\$ 25,801,869</b>	<b>\$ 1,835,976</b>	<b>8%</b>
<b>POSITIONS</b>	<b>86</b>	<b>106</b>	<b>106</b>	<b>-</b>	<b>0%</b>

**REVENUES**

	1999-00 Actual Revenue	2000-01 Redbook	2001-02 Mayor's Budget Rec	Variance	Variance Percent
Rev from Use of Assets	\$ 6,140,640	\$ 6,910,000	\$ 7,045,000	\$ 135,000	2%
Sales & Charges	570,477	234,000	520,991	286,991	123%
Contrib/Transfers	2,229,725	1,250,000	1,700,000	450,000	36%
Miscellaneous	424,755	7,000	1,607,000	1,600,000	22857%
<b>TOTAL</b>	<b>\$ 9,365,597</b>	<b>\$ 8,401,000</b>	<b>\$ 10,872,991</b>	<b>\$ 2,471,991</b>	<b>29%</b>

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